

BEFORE THE DIVISION OF INSURANCE

STATE OF COLORADO  
FINAL AGENCY ORDER O-11-026

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**IN THE MATTER OF THE MARKET CONDUCT EXAMINATION OF WORLD  
INSURANCE COMPANY,**

**Respondent.**

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THIS MATTER comes before the Colorado Commissioner of Insurance (the "Commissioner") as a result of a market conduct examination conducted by the Colorado Division of Insurance (the "Division") of WORLD INSURANCE COMPANY (the "Respondent"), pursuant to §§ 10-1-204, C.R.S. The Commissioner has considered and reviewed the market conduct examination report dated April 20, 2010, (the "Report"), relevant examiners' work papers, all written submissions and rebuttals, and the recommendations of staff. The Commissioner finds and orders as follows:

**FINDINGS OF FACT**

1. At all relevant times, the Respondent was licensed by the Division as a life, accident and health insurer.
2. In accordance with §§ 10-1-204, C.R.S., on April 20, 2010, the Division completed a market conduct examination of the Respondent. The period of examination was January 1, 2008 through December 31, 2008.
3. In scheduling the market conduct examination and in determining its nature and scope, the Commissioner considered such matters as complaint analyses, underwriting and claims practices, pricing, product solicitation, policy form compliance, market share analyses, and other criteria as set forth in the most recent available edition of the Market Regulation Handbook adopted by the National Association of Insurance Commissioners, as required by § 10-1-203(1), C.R.S.
4. In conducting the examination, the examiners observed those guidelines and procedures set forth in the most recent available edition of the Market Regulation Handbook adopted by the National Association of Insurance Commissioners and the Colorado insurance examiners' handbook. The Commissioner also employed other guidelines and procedures that she deemed appropriate, pursuant to § 10-1-204(1), C.R.S.
5. The market conduct examiners prepared a Report. The Report is comprised of only the facts appearing upon the books, records, or other documents of the Respondent, its agents or other persons examined concerning

Respondent's affairs. The Report contains the conclusions and recommendations that the examiners find reasonably warranted based upon the facts.

6. Respondent delivered to the Division written submissions and rebuttals to the Report.
7. The Commissioner has fully considered and reviewed the Report and all of Respondent's submissions and rebuttals, including but not limited to the Respondent's July 20, 2010 response to the draft market conduct examination.

### **CONCLUSIONS OF LAW AND ORDER**

8. Unless expressly modified in this Final Agency Order ("Order"), the Commissioner adopts the facts, conclusions and recommendations contained in the Report. A copy of the Report is attached to the Order and is incorporated by reference.
9. Issue E1 concerns the following violation: Failure to provide coverage to or on behalf of an insured because the insured or a covered dependent sustained an injury while intoxicated or under the influence of a controlled substance. This failure constitutes violations of § 10-16-201(6), C.R.S. The Respondent shall provide evidence to the Division that it has revised all affected policy forms to provide coverage to or on behalf of an insured because the insured or a covered dependent sustained an injury while intoxicated or under the influence of a controlled substance as required by Colorado insurance law. The company shall conduct a self-audit to identify and correct any claims that may have been incorrectly denied due to this incorrect language, from January 1, 2008 to the present. The Division's records indicate that the Respondent has removed the exclusion of coverage that was not in compliance from the affected forms that are still in use. If implemented uniformly, it appears the cited forms will comply with the corrective actions ordered concerning this violation. The statement is only applicable to the exclusion of coverage for an insured or a covered dependent that sustained an injury while intoxicated or under the influence of a controlled substance and nothing in this paragraph should be construed as approval of the forms as a whole.
10. Issue E2 concerns the following violation: Failure, in some cases, to include or to completely include the required language related to contract changes within the Company's policy forms. This failure constitutes violations of § 10-16-202(1) and (2), C.R.S. The Respondent shall provide evidence to the Division that it has revised all affected policy forms to completely include the required language related to contract changes as required by Colorado insurance law.
11. Issue E3 concerns the following violation: Failure, in some cases, to include the required one year timeframe regarding time limits on certain defenses. This failure constitutes violations of §§ 10-16-118(1)(a)(II), 10-16-202(1) and (3)(b), C.R.S. The Respondent shall provide evidence to the Division that it has revised all

affected policy forms to include the required one year timeframe regarding time limits on certain defenses as required by Colorado insurance law. The company shall conduct a self-audit to identify and correct any claims that may have been incorrectly denied due to this incorrect language, from January 1, 2008 to the present. The Division's records indicate that the Respondent has corrected the preexisting time period that was not in compliance in the affected forms that are still in use. If implemented uniformly, it appears the cited forms will comply with the corrective actions ordered concerning this violation. The statement is only applicable to the preexisting time period provision, and nothing in this paragraph should be construed as approval of the forms as a whole.

12. Issue E4 concerns the following violation: Failure, in some cases, to include the mandatory language related to notice of claim. This failure constitutes violations of §§ 10-16-202(1) and (6)(a), C.R.S. The Respondent shall provide evidence to the Division that it has revised all affected policy forms to include the mandatory language related to notice of claim as required by Colorado insurance law.
13. Issue E5 concerns the following violation: Failure, in some cases, to include the mandatory language related to payment of claims. This failure constitutes violations of §§ 10-16-202(1) and (10)(a), C.R.S. The Respondent shall provide evidence to the Division that it has revised all affected policy forms to include the mandatory language related to payment of claims as required by Colorado insurance law.
14. Issue E6 concerns the following violation: Failure, in some cases, to include the mandatory language related to change of beneficiary. This failure constitutes violations of §§ 10-16-202(1) and (13)(a), C.R.S. The Respondent shall provide evidence to the Division that it has revised all affected policy forms to include the mandatory language related to change of beneficiary as required by Colorado insurance law. The Division's records indicate that the Respondent has corrected the change of beneficiary language that was not in compliance in the affected forms that are still in use. If implemented uniformly, it appears the cited forms will comply with the corrective actions ordered concerning this violation. The statement is only applicable to the change of beneficiary provision, and nothing in this paragraph should be construed as approval of the forms as a whole.
15. Issue E7 concerns the following violation: Failure, in some cases, to include the mandatory language related to early intervention services. This failure constitutes violations of § 10-16-104(1.3)(b)(I), C.R.S. The Respondent shall provide evidence to the Division that it has revised all affected policy forms to include the mandatory language related to early intervention services as required by Colorado insurance law. The company shall conduct a self-audit to identify and correct any claims that may have been incorrectly denied due to this incorrect language, from January 1, 2008 to the present. The Division's records indicate that the Respondent has added the mandated provision related to early intervention services in the affected forms that are still in use. If implemented uniformly, it appears the cited forms will comply with the corrective actions ordered concerning this violation.

The statement is only applicable to the early intervention services provision, and nothing in this paragraph should be construed as approval of the forms as a whole.

16. Issue E8 concerns the following violation: Failure, in some cases, to provide complete benefits related to therapies for congenital defects and birth abnormalities. This failure constitutes violations of § 10-16-104(1.7)(a), C.R.S. The Respondent shall provide evidence to the Division that it has revised all affected policy forms to provide complete benefits related to therapies for congenital defects and birth abnormalities as required by Colorado insurance law. The company shall conduct a self-audit to identify and correct any claims that may have been incorrectly denied due to this incorrect language, from January 1, 2008 to the present.
17. Issue E9 concerns the following violation: Failure, in some cases, to provide coverage to stepchildren that do not permanently reside with an insured. This failure constitutes violations of §§ 10-16-104(6)(a) and (b)(I), C.R.S. The Respondent shall provide evidence to the Division that it has revised all affected policy forms to provide coverage to stepchildren that do not permanently reside with an insured as required by Colorado insurance law. The Division's records indicate that the Respondent has corrected the language regarding coverage for stepchildren that was not in compliance in the affected forms that are still in use. If implemented uniformly, it appears the cited forms will comply with the corrective actions ordered concerning this violation. The statement is only applicable to the coverage for stepchildren provision, and nothing in this paragraph should be construed as approval of the forms as a whole.
18. Issue E10 concerns the following violation: Failure, in some cases, to include the mandatory coverage provision, or to provide the required number of well-child visits, related to child health supervision services. This failure constitutes violations of §§ 10-16-104(11)(a) and (b), C.R.S. and Regulation 4-6-5. The Respondent shall provide evidence to the Division that it has revised all affected policy forms to include the mandatory coverage provision related to child health supervision services as required by Colorado insurance law. The company shall conduct a self-audit to identify and correct any claims that may have been incorrectly denied due to this incorrect language, from January 1, 2008 to the present. The Division's records indicate that the Respondent has corrected the affected forms that are still in use to provide the mandated coverage for child health supervision services. If implemented uniformly, it appears the cited forms will comply with the corrective actions ordered concerning this violation. The statement is only applicable to the child health supervision services provision, and nothing in this paragraph should be construed as approval of the forms as a whole.
19. Issue E11 concerns the following violation: Failure, in some instances, to include the mandatory coverage prosthetic devices. *This appears to be a repeat issue that was identified as issue E8 during the last market conduct exam of this Company, which was completed on June 11, 2004, covering the period of January 1, 2003, to December 31, 2003.* This failure constitutes violations of § 10-16-104(14)(a).

C.R.S. The Respondent shall provide evidence to the Division that it has revised all affected policy forms to include the mandatory coverage for prosthetic devices as required by Colorado insurance law. The company shall conduct a self-audit to identify and correct any claims that may have been incorrectly denied due to this incorrect language, from January 1, 2008 to the present. The Division's records indicate that the Respondent has corrected the affected forms that are still in use to provide the mandated coverage for prosthetic devices. If implemented uniformly, it appears the cited forms will comply with the corrective actions ordered concerning this violation. The statement is only applicable to the coverage for prosthetic devices provision, and nothing in this paragraph should be construed as approval of the forms as a whole.

20. Issue E12 concerns the following violation: Failure, in some cases, to include the mandatory coverage for cervical cancer vaccines. This failure constitutes violations of § 10-16-104(17)(a), C.R.S. The Respondent shall provide evidence to the Division that it has revised all affected policy forms to include the mandatory coverage for cervical cancer vaccines as required by Colorado insurance law. The company shall conduct a self-audit to identify and correct any claims that may have been incorrectly denied due to this incorrect language, from January 1, 2008 to the present. The Division's records indicate that the Respondent has corrected the affected forms that are still in use to provide the mandated coverage for cervical cancer vaccines. If implemented uniformly, it appears the cited forms will comply with the corrective actions ordered concerning this violation. The statement is only applicable to the cervical cancer vaccines provision, and nothing in this paragraph should be construed as approval of the forms as a whole.
21. Issue E13 concerns the following violation: Failure to offer coverage for dependents up to age twenty-five. This failure constitutes violations of §§ 10-16-104.3(1)(a) and (b), C.R.S. The Respondent shall provide evidence to the Division that it has revised all affected policy forms to include the mandatory offer of coverage for dependents not already eligible, up to age twenty-five as required by Colorado insurance law. The Division's records indicate that the Respondent has corrected the affected forms that are still in use to provide the mandated offer of coverage for dependents to age twenty-five. If implemented uniformly, it appears the cited forms will comply with the corrective actions ordered concerning this violation. The statement is only applicable to the mandated offer of coverage for dependents up to age twenty-five, and nothing in this paragraph should be construed as approval of the forms as a whole.
22. Issue E14 concerns the following violation: Failure to include the required disclosure regarding coverage for treatment of intractable pain. This failure constitutes violations of § 10-16-107(7)(a), C.R.S. The Respondent shall provide evidence to the Division that it has revised all affected policy forms to include the required disclosure regarding coverage for treatment of intractable pain as required by Colorado insurance law. The company shall conduct a self-audit to identify and correct any claims that may have been incorrectly denied due to this incorrect language, from January 1, 2008 to the present. The Division's records indicate that

the Respondent has corrected the affected forms that are still in use to provide the mandated disclosure regarding coverage for treatment of intractable pain. If implemented uniformly, it appears the cited forms will comply with the corrective actions ordered concerning this violation. The statement is only applicable to the required disclosure regarding coverage for treatment of intractable pain, and nothing in this paragraph should be construed as approval of the forms as a whole.

23. Issue E15 concerns the following violation: Failure, in some cases, to include the appropriate definition of "Dependent" within the Company's policy forms. This failure constitutes violations of § 10-16-102(14), C.R.S. The Respondent shall provide evidence to the Division that it has revised all affected policy forms to include the appropriate definition of "Dependent" as required by Colorado insurance law. The Division's records indicate that the Respondent has corrected the affected forms that are still in use to include a correct definition of dependent. If implemented uniformly, it appears the cited forms will comply with the corrective actions ordered concerning this violation. The statement is only applicable to the definition of dependent included in the forms, and nothing in this paragraph should be construed as approval of the forms as a whole.
24. Issue E16 concerns the following violation: Failure, in some cases, to provide coverage for services and/or supplies furnished by a member of a covered person's immediate family, employer, business partner or a person who ordinarily resides in the covered person's home. *This appears to be a repeat issue that was identified as issue E7 during the last market conduct exam of this Company, which was completed on June 11, 2004, covering the period of January 1, 2003, to December 31, 2003.* This failure constitutes violations of § 10-16-104(7)(a)(I)(A), C.R.S. The Respondent shall provide evidence to the Division that it has revised all affected policy forms to provide coverage for services and/or supplies furnished by a member of a covered person's immediate family, employer, business partner or a person who ordinarily resides in the covered person's home as required by Colorado insurance law. The company shall conduct a self-audit to identify and correct any claims that may have been incorrectly denied due to this incorrect language, from January 1, 2008 to the present. The Division's records indicate that the Respondent has corrected the affected forms that are still in use to provide coverage for services and/or supplies furnished by a member of a covered person's immediate family, employer, business partner or a person who ordinarily resides in the covered person's home. If implemented uniformly, it appears the cited forms will comply with the corrective actions ordered concerning this violation. The statement is only applicable to the services and/or supplies furnished by a member of a covered person's immediate family, employer, business partner or a person who ordinarily resides in the covered person's home provision, and nothing in this paragraph should be construed as approval of the forms as a whole.
25. Issue E17 concerns the following violation: Failure, in some cases, to include the appropriate definition of "pre-existing condition" in the Company's forms. This failure constitutes violations of § 10-16-118(1)(a)(II), C.R.S. The Respondent shall provide evidence to the Division that it has revised all affected policy forms

currently in effect to include the appropriate definition of “pre-existing condition” as required by Colorado insurance law. The company shall conduct a self-audit to identify and correct any claims that may have been incorrectly denied due to this incorrect language, from January 1, 2008 to the present.

26. Issue E18 concerns the following violation: Failure, in some cases, to provide coverage for self-inflicted injuries, suicide and attempted suicide to members that are insane. *This appears to be a repeat issue that was identified as issue E7 during the last market conduct exam of this Company, which was completed on June 11, 2004, covering the period of January 1, 2003, to December 31, 2003.* This failure constitutes violations of § 10-16-102(30), C.R.S. The Respondent shall provide evidence to the Division that it has revised all affected policy forms to provide coverage for self-inflicted injuries, suicide and attempted suicide to covered members that are insane as required by Colorado insurance law. The company shall conduct a self-audit to identify and correct any claims that may have been incorrectly denied due to this incorrect language, from January 1, 2008 to the present. The Division’s records indicate that the Respondent has corrected the affected forms that are still in use to provide coverage for self-inflicted injuries, suicide and attempted suicide to members that are insane. If implemented uniformly, it appears the cited forms will comply with the corrective actions ordered concerning this violation. The statement is only applicable to the coverage for self-inflicted injuries, suicide and attempted suicide to members that are insane provision, and nothing in this paragraph should be construed as approval of the forms as a whole.
27. Issue E19 concerns the following violation: Failure, in some cases, to provide coverage for procedures that have been preauthorized. This failure constitutes violations of § 10-16-704(4), C.R.S. The Respondent shall provide evidence to the Division that it has revised all affected policy forms to ensure that coverage is provided for procedures that have been preauthorized as required by Colorado insurance law. The company shall conduct a self-audit to identify and correct any claims that may have been incorrectly denied due to this incorrect language, from January 1, 2008 to the present.
28. Issue E20 concerns the following violation: Failure, in some cases, to provide clear indication of what is considered a complication of pregnancy and/or the complications of pregnancy definition included in the policy is overly restrictive. This failure constitutes violations of §§ 10-3-1104(1)(a)(I) and 10-16-104(2)(a), C.R.S., as well as Colorado Regulation 4-2-6 Sections 4(A), 4(B), and 5. The Respondent shall provide evidence to the Division that it has revised all affected policy forms to included a definition of complications of pregnancy” that is clear and not overly restrictive as required by Colorado insurance law. The company shall conduct a self-audit to identify and correct any claims that may have been incorrectly denied due to this incorrect language, from January 1, 2008 to the present.

29. Issue E21 concerns the following violation: Failure to provide a complete listing of forms within its annual certification of forms. This failure constitutes violations of §§ 10-16-107(2) and 10-16-107.2(1), C.R.S. The Respondent shall provide evidence to the Division that it has established procedures to ensure that all forms in use during a particular year are reported on the annual report of forms as required by Colorado insurance law. The Division's records indicate that the Respondent has established procedures to ensure that all forms in use during a particular year are reported on the annual report of forms as required by Colorado insurance law. If implemented uniformly, it appears the Company will be in compliance with the corrective actions ordered concerning this violation. The statement is only applicable to the requirement for the Company to provide a complete listing of forms within its annual certification of forms.
30. Issue E22 concerns the following violation: Failure to ensure that all forms certified by the Company were in compliance with Colorado insurance law. This failure constitutes violations of § 10-3-1104(1)(s), C.R.S. The Respondent shall provide evidence to the Division that it has established procedures to ensure that forms certified as compliant by an officer of the company are in compliance with statutory mandates as required by Colorado insurance law. The Division's records indicate that the Respondent has established procedures to ensure that all forms certified by the Company are in compliance with Colorado insurance law. If implemented uniformly, it appears the Company will be in compliance with the corrective actions ordered concerning this violation. The statement is only applicable to the requirement for the Company to ensure that all forms certified as compliant by an officer of the company are in compliance with statutory mandates as required by Colorado insurance law.
31. Issue E23 concerns the following violation: Failure, in some cases, to provide coverage to newborns or children placed for adoption for the first thirty-one (31) days from the date of birth or placement unless premium is paid. This failure constitutes violations of §§ 10-16-104(1)(a), 10-16-104(1)(c)(I), and 10-16-104(6.5), C.R.S. The Respondent shall provide evidence to the Division that it has revised all affected policy forms to provide coverage to newborns and children placed for adoption for the first thirty-one (31) days from the date of birth or placement, regardless of whether or not premium is paid as required by Colorado insurance law. The company shall conduct a self-audit to identify and correct any claims that may have been incorrectly denied due to this incorrect language, from January 1, 2008 to the present.
32. Issue E24 concerns the following violation: Failure, in some cases, to provide coverage related to any organ, system or part/area of the body that the Company deems necessary. This failure constitutes violations of § 10-3-1104(1)(f)(XI), C.R.S. The Respondent shall provide evidence to the Division that it has revised all affected policy forms to remove any exclusion prohibited by Colorado insurance law. The company shall conduct a self-audit to identify and correct any claims that may have been incorrectly denied due to this incorrect language, from January 1, 2008 to the present. The Division's records indicate that the Respondent has



corrected the affected forms that are still in use to limit exclusionary riders to only exclude conditions which have been documented in the original underwriting application, original underwriting medical examination, or medical history of the insured, or which can be shown with clear and convincing evidence to have been caused by the medically documented excluded condition. If implemented uniformly, it appears the cited forms will comply with the corrective actions ordered concerning this violation. The statement is only applicable to the exclusionary riders provision, and nothing in this paragraph should be construed as approval of the forms as a whole.

33. Issue E25 concerns the following violation: Failure, in some cases, to provide coverage for services or treatment related to certain "high risk" activities. This failure constitutes violations of § 10-3-1104(1)(f)(XII), C.R.S. The Respondent shall provide evidence to the Division that it has revised all affected policy forms to remove any exclusion prohibited by Colorado insurance law. The company shall conduct a self-audit to identify and correct any claims that may have been incorrectly denied due to this incorrect language, from January 1, 2008 to the present. The Division's records indicate that the Respondent has corrected the affected forms that are still in use to remove the exclusion for services or treatment related to certain "high risk" activities. If implemented uniformly, it appears the cited forms will comply with the corrective actions ordered concerning this violation. The statement is only applicable to the services or treatment related to certain "high risk" activities provision, and nothing in this paragraph should be construed as approval of the forms as a whole.
34. Issue E26 concerns the following violation: Failure to specifically include the required coverage for newborn hospital stays. This failure constitutes violations of §§ 10-16-104(1)(b)(I) and (II), C.R.S. The Respondent shall provide evidence to the Division that it has revised all affected policy forms to specifically include the required coverage for newborn hospital stays as required by Colorado insurance law. The company shall conduct a self-audit to identify and correct any claims that may have been incorrectly denied due to this incorrect language, from January 1, 2008 to the present. The Division's records indicate that the Respondent has corrected the affected forms that are still in use to include the required coverage for newborn hospital stays as required by Colorado insurance law. If implemented uniformly, it appears the cited forms will comply with the corrective actions ordered concerning this violation. The statement is only applicable to the coverage for newborn hospital stays provision, and nothing in this paragraph should be construed as approval of the forms as a whole.
35. Issue E27 concerns the following violation: Failure, in some cases, to include the mandatory coverage for inherited enzymatic disorders. This failure constitutes violations of § 10-16-104(1)(a) and (c)(III)(A), C.R.S. The Respondent shall provide evidence to the Division that it has revised all affected policy forms to include the mandatory coverage for inherited enzymatic disorders as required by Colorado insurance law. The company shall conduct a self-audit to identify and

correct any claims that may have been incorrectly denied due to this incorrect language, from January 1, 2008 to the present. The Division's records indicate that the Respondent has corrected the affected forms that are still in use to include the mandated coverage for inherited enzymatic disorders. If implemented uniformly, it appears the cited forms will comply with the corrective actions ordered concerning this violation. The statement is only applicable to the coverage for inherited enzymatic disorders provision, and nothing in this paragraph should be construed as approval of the forms as a whole.

36. Issue E28 concerns the following violation: Failure, in some cases, to apply the appropriate timeframes related to when premiums can be accepted in connection with a reinstatement and to use the statutorily-mandated languages as required. This failure constitutes violations of § 10-16-202(1) and (5)(a), C.R.S. The Respondent shall provide evidence to the Division that it has revised all affected policy forms to reflect the appropriate timeframes related to when premiums can be accepted in connection with a reinstatement as required by Colorado insurance law. The company shall conduct a self-audit to identify and correct any premium that may have been incorrectly collected due to this incorrect language, from January 1, 2008 to the present. The Division's records indicate that the Respondent has corrected the affected forms that are still in use to reflect the appropriate time frames regarding when premiums can be accepted in connection with reinstatement. If implemented uniformly, it appears the cited forms will comply with the corrective actions ordered concerning this violation. The statement is only applicable to the reinstatement provision, and nothing in this paragraph should be construed as approval of the forms as a whole.
37. Issue E29 concerns the following violation: Failure, in some cases, to clearly disclose the existence and availability of an access plan. *This appears to be a repeat issue that was identified as issue E7 during the last market conduct exam of this Company, which was completed on June 11, 2004, covering the period of January 1, 2003, to December 31, 2003.* This failure constitutes violations of § 10-16-704(9), C.R.S. The Respondent shall provide evidence to the Division that it has revised all affected policy forms to clearly disclose the existence and availability of an access plan as required by Colorado insurance law. The Division's records indicate that the Respondent has corrected the affected forms that are still in use to clearly disclose the existence and availability of an access plan. If implemented uniformly, it appears the cited forms will comply with the corrective actions ordered concerning this violation. The statement is only applicable to the disclosure regarding the existence and availability of an access plan, and nothing in this paragraph should be construed as approval of the forms as a whole.
38. Issue E30 concerns the following violation: Failure, in some cases, to include the mandatory language regarding claim forms. This failure constitutes violations of § 10-16-202(1) and (7), C.R.S. The Respondent shall provide evidence to the Division that it has revised all affected policy forms to include the mandatory

language regarding claim forms as required by Colorado insurance law. The Division's records indicate that the Respondent has corrected the affected forms that are still in use to include the mandatory language regarding claim forms. If implemented uniformly, it appears the cited forms will comply with the corrective actions ordered concerning this violation. The statement is only applicable to the mandatory language regarding claim forms, and nothing in this paragraph should be construed as approval of the forms as a whole.

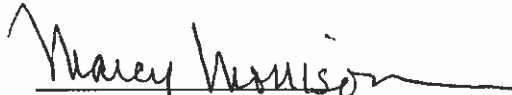
39. Issue E31 concerns the following violation: Failure to reflect the appropriate adjustments that are to be made when a misstatement of age or sex occurs. This failure constitutes violations of § 10-16-203(1) and (3), C.R.S. The Respondent shall provide evidence to the Division that it has revised all affected policy forms to reflect the appropriate adjustments that are made when a misstatement of age or sex occurs as required by Colorado insurance law. The company shall conduct a self-audit to identify and correct any claims that may have been incorrectly processed due to this incorrect language, from January 1, 2008 to the present. The Division's records indicate that the Respondent has corrected the affected forms that are still in use to reflect the appropriate adjustments that are to be made when a misstatement of age or sex occurs. If implemented uniformly, it appears the cited forms will comply with the corrective actions ordered concerning this violation. The statement is only applicable to the adjustments resulting from misstatement of age or sex provision, and nothing in this paragraph should be construed as approval of the forms as a whole.
40. Issue E32 concerns the following violation: Failure, in some cases, to include the mandatory coverage for hospitalization and general anesthesia for dental procedures for dependent children. This failure constitutes violations of § 10-16-104(12)(a), C.R.S. The Respondent shall provide evidence to the Division that it has revised all affected policy forms to include the mandatory coverage for hospitalization and general anesthesia for dental procedures for dependent children as required by Colorado insurance law. The company shall conduct a self-audit to identify and correct any claims that may have been incorrectly denied due to this incorrect language, from January 1, 2008 to the present.
41. Issue E33 concerns the following violation: Failure, in some cases, to include the mandatory coverage for diabetes. This failure constitutes violations of § 10-16-104(13)(a), C.R.S. The Respondent shall provide evidence to the Division that it has revised all affected policy forms to include the mandatory coverage for diabetes as required by Colorado insurance law. The company shall conduct a self-audit to identify and correct any claims that may have been incorrectly denied due to this incorrect language, from January 1, 2008 to the present. The Division's records indicate that the Respondent has corrected the affected forms that are still in use to include the mandated coverage for diabetes. If implemented uniformly, it appears the cited forms will comply with the corrective actions ordered concerning this violation. The statement is only applicable to the coverage for diabetes provision, and nothing in this paragraph should be construed as approval of the forms as a

whole.

42. Issue J1 concerns the following violation: Failure, in some cases, to pay, deny or settle claims within the timeframes required by Colorado insurance law. This failure constitutes violations of §§ 10-16-106.5(2), 10-16-106.5(4)(a) and (c), C.R.S. The Respondent shall provide evidence to the Division that it has established procedures to ensure that all claims are paid, denied or settled within the time periods as required by Colorado insurance law.
43. Issue K1 concerns the following violation: Failure to include correct information in utilization review approval letters. This failure constitutes violations of § 10-16-704(4), C.R.S. The Respondent shall provide evidence to the Division that it has established procedures to ensure that its coverage determination is made prior to the delivery of any medical necessary determination. The Company should also provide evidence that after notification of approval occurring after the initial review for medical necessity, there is no retrospective denial of the treatment of a procedure (except for fraud and abuse). Additionally, the company shall conduct a self-audit to identify and correct any claims that may have been incorrectly denied due to this incorrect language, from January 1, 2008 to the present.
44. Pursuant to § 10-1-205(3)(d), C.R.S., the Respondent shall pay a civil penalty to the Division in the amount of one hundred fifty-three thousand and no/100 dollars (\$153,000.00) for the cited violations of Colorado law. This fine was calculated in accordance with Division guidelines for assessing penalties and fines, including Division Bulletin No. B-1.3, originally issued on January 1, 1998, re-issued August 8, 2008. Said penalty shall be assessed a 10% surcharge up to the first seventy-five thousand (\$75,000.00) of the penalty, for a surcharge of seven thousand five hundred (\$7,500.00), pursuant to § 24-34-108, C.R.S. This results in a total balance due of one hundred sixty thousand five hundred and no/100 dollars (\$160,500.00) which will be due to the Division within 30 days of the signing of this Final Agency Order. This surcharge will be used to fund the development, implementation and maintenance of a consumer outreach and education program.
45. Pursuant to § 10-1-205(4)(a), C.R.S., within sixty (60) days of the date of this Order, the Respondent shall file affidavits executed by each of its directors stating under oath that they have received a copy of the adopted report and related Order.
46. This Order shall not prevent the Division from commencing future agency action relating to conduct of the Respondent not specifically addressed in the Report, not resolved according to the terms and conditions in this Order, or occurring before or after the examination period. Failure by the Respondent to comply with the terms of this Order may result in additional actions, penalties and sanctions, as provided for by law.

47. Copies of the examination report, and this final Order will be made available to the public no earlier than thirty (30) days after the date of this Order, subject to the requirements of § 10-1-205, C.R.S.

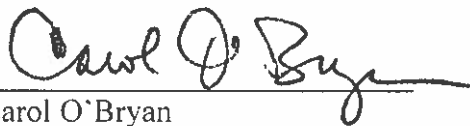
**WHEREFORE:** It is hereby ordered that the findings and conclusions contained in the Report dated April 20, 2010, are hereby adopted and filed and made an official record of this office, and the above Order is hereby approved this 11<sup>th</sup> day of August, 2010.

  
Marcy Morrison  
Commissioner of Insurance

**CERTIFICATE OF MAILING**

I hereby certify that on the 11<sup>th</sup> day of August, 2010, I caused to be deposited the **FINAL AGENCY ORDER NO. O-11-026 IN THE MATTER OF THE MARKET CONDUCT EXAMINATION OF WORLD INSURANCE COMPANY**, in the United States Mail via certified mailing with postage affixed and addressed to:

Mr. Michael E. Abbott  
World Insurance Company  
11808 Grant Street  
Omaha, NE 68164-3603

A handwritten signature in black ink, appearing to read "Carol O'Bryan", written over a horizontal line.

Carol O'Bryan  
Director of Market Regulation  
Division of Insurance